



PINON UNIFIED SCHOOL DISTRICT NO. 4

PO Box 839 • Piñon, AZ 86510 • Phone (928) 725-3450 • Fax (928) 656-2123

January 11, 2010

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
9300 East Hampton Drive
Capitol Heights, MD 20743

FILED/ACCEPTED

JAN 19 2010

Federal Communications Commission
Office of the Secretary

CC: 02-6

1 - APPEAL – YEAR 8 – Notification of Improperly Disbursed Funds
and
2 - REQUEST FOR WAIVER - YEAR 8- Failure to Complete Delivery of Services

Dear Madam:

1- APPEAL – YEAR 8 – Notification of Improperly Disbursed Funds

Per our *Administrator's Demand Payment Letter – Funding Year 2005-2006* notification letter (copy on Page 28), dated November 18, 2009, please let this letter serve as our appeal of USAC's decision to deny our appeal and issue a Demand Payment for Improperly Disbursed Funds for the FRN listed below.

Billed Entity Name: Pinon High School/Pinon Unified School District No. 4

Billed Entity Number: 98843

Contact person name: Steve Huxhold
Technology Coordinator
Pinon Unified School District
1 mile north of Pinon on Rt41
Pinon, AZ 86510

Contact and email address: 928-725-2175
928-725-2123 (fax)
shuxhold@pusdatsa.org

Form 471 Application Number: 457585

Funding Request Numbers (FRNs): 1258681

Service provider name: Premise One, Inc.

Service Provider Identification Number (SPIN): 143019785

FCC Registration Number: 0013989926

Contract Number: md-212005-pinhs

Funds to recover from Applicant: \$526,476.24

The Letter states:

No. of Copies rec'd 041
List A B C D E

Demand Payment Letter
(Funding Year 2005: July 1, 2005- June 30, 2006)

November 18, 2009

Steve Huxhold
PINON HIGH SCHOOL
1 MI N OF PINON ON RT 41
PINON, AZ 86510

Re: Form 471 Application Number: 457585
 Funding Year: 2005
 Applicant's Form Identifier: 242005phs1
 Billed Entity Number: 98843
 FCC Registration Number: 0013989926
 Service Provider Name: Premise One, Inc.
 SPIN: 143019785
 Service Provider Contact Person: Chris Nofen
 Payment Due By: 12/18/2009

Funding Disbursement Recovery Report
for Form 471 Application Number: 457585

Funding Request Number: 1258681
Contract Number: md-212005-pinhs
Services Ordered: INTERNAL CONNECTIONS
Billing Account Number:
Funding Commitment: \$555,487.21
Funds Disbursed to Date: \$526,476.24
Funds to be Recovered from Applicant: \$526,476.24

Disbursed Funds Recovery Explanation:

After a through investigation, it has been determined that funds were improperly disbursed on this funding request. During the course of an audit, it was determined that equipment purchased with the Universal Service funds for FY2005, FRN 1258681, could not be located. FCC rules require that the equipment purchased with program discounts be located at an eligible entity and be utilized effectively for educational purposes. The rules require that applicants retain asset and inventory records of equipment purchased and components of supported internal connections services sufficient to verify the location of such equipment for five years. Since you did not maintain the related asset and inventory records and the equipment purchased with Universal Service funds could not be located, the above FCC rules were violated. USAC will seek recovery of \$526,476.24 of improperly disbursed funds from the applicant.

INTRODUCTION -

This equipment (1 Core switch part # - WS-C4506-S4/IOS/S, Value = \$ 22,419.54) was proven to have been delivered. We assert that this equipment was identified as delivered and installed.

HISTORY:

1 - On November 8, 2006 Bearing point (Matt Markovich – Site reviewer) the inspection did not determine any missing equipment.

2 – During the February 2007 onsite Audit with **Ms Joan Hawkin, Xavier Motley with Thompson, Cobb, Bazilio & Associates**, Mr. Huxhold inadvertently showed Mr. Motley the wrong communications closet housing this piece of equipment, he then took him to a different closet and inspection was made and the equipment was verified as delivered and installed. Due to changes during the \$ 10 million dollar renovation project this caused Mr. Huxhold to initially error during the inspection. During subsequent auditor reports to USAC the situation became distorted and instead of reflecting that the equipment had been placed in a different closet, it was reported that the equipment was not delivered. This then perpetuated a USAC remand letter for \$ 526,476.24.

See insert below.

Finding No.

SL-2007-117-002

Cannot Provide Support for Equipment Bought With USAC Funds

Condition

FRN 1258681 for \$617,208 (for which USAC paid \$526,476.24 during the period July 1, 2006 and June 30, 2007) was for internal connections. Pinon High School did not have a listing showing the serial numbers or property numbers of equipment purchased with this internal connections funding received from USAC. The accounting records had a single-line entry for E-Rate equipment for \$61,720.80 (Pinon's 10 percent share of the original estimate which it paid) with no description of the property. Pinon's Technology Director had a spreadsheet listing major items with description and location but the listing did not have serial numbers or property numbers. Using the bid proposal listing as a basis, he showed us items matching the general descriptions for the major items. In the case of the Cisco Catalyst 4000 series chassis (costing \$22,419.54 each), the bid proposal showed a quantity of two of these items. We were first shown two of these items. However, later we were told one chassis that we had been shown was from a different funding year and we were shown another chassis and told this was the second chassis. We were unable to obtain any listing with property numbers or serial numbers for the subject internal connections equipment to enable us to tie what we were seeing into specific items of equipment.

3 – Pinon responded with -

Beneficiary Response

Thanks for the audit recommendation. Pinon School District acknowledges it's deficiencies in this area. The causes for this are multifold.

- 1 - During this particular funding year the duties of administering the construction project and the Erate eligible portion of the project were handled by others not as familiar with the record keeping policies.
- 2 - During this period of time the district had a change of personnel in Superintendents and business managers and had an interim outside contracting firm handling the business and accounting aspects of the Districts Business office.
- 3 - The District utilizes Erate exclusively for the networking requirements of the District, as such; there is no "co-mingling" of equipment between District outright purchase and that supplied under Erate.
- 4 - Because of the change of personnel and the use of outside Business Management contractors, the District did not fully have in place an electronic accounting system for asset management, record keeping and location documentation.

The District has initiated controls for improved management of record keeping and management by:

- 1 - Resolving the accounting and business office personnel issues by hiring new full time staff.
- 2 - By contracting with an independent Erate consulting firm specifically to assist the District with application, documentation review and record keeping for ERate funding.
- 3 - The District is currently revising its Technology plan and will include the auditor's recommendations in both the goals and accountability sections of the plan.

The District will ensure that inventory of E-rate equipments costing over \$5,000 will be carried out at least every two years.

4 - Because of the unusual and extenuating circumstances Pinon did not locate the packing slip with serial numbers and did not have a fully functional accounting system inventory control software system, this situation was remedied during the spring of 2007. It should be noted that accountability provided to Auditors and USAC included the original product listings from the quote, installation guidelines, packing list without serial numbers and network maps. On follow up correspondence Pinon did provide packing lists with serial numbers once they were located in the construction documentation.

5 - On June 19, 2008 the USAC auditing firm filed their report - Examination letter regarding compliance findings - SL2007-117 Thompson, Cobb, Bazilio and Associates, PC - dated June 19, 2008 - 8 pages. In this report the Auditors stated that the matters were "immaterial".

On page 1, paragraph 2 of this letter we find the following -

Our examination revealed three matters involving immaterial noncompliance with Schools and Libraries Support Mechanism (SLSM) requirements that are presented for your consideration. The following comments and recommendations, which were discussed with the appropriate members of management, are intended to result in improved compliance with SLSM requirements.

6 - C - USAC Management Response Letter - SL2007-117 - dated October 13, 2008 - 4 pages ,on page 1, paragraph 2 of this letter we find the following -

Management Comment:

Pursuant to FCC rules, applicants are required to maintain records for a minimum of five years. Going forward, the applicant should familiarize themselves with the FCC's Fifth Report and Order, which clarified record keeping requirements. Since the applicant could not specifically identify the equipment that was purchased for the funding request number under audit, USAC will seek recovery of \$526,476 disbursed. It bears noting that Pinon

has initiated improved record keeping procedures. USAC management concurs with the finding, effect and recommendation.

7 - The auditor's original comments suggested that one only one device (Cisco 4506) valued at \$ 22,419.54 was not located where it originally was expected to be placed. Due to building construction project changes it was located in another closet, and during the audit, this information from over a year earlier had been forgotten. Prior to this Audit the equipment locations, serial number checks and photographs were taken by Matt of Bearing Point during the expanded site outreach visit on November 8 2006, and both of these Cisco 4500 devices were located and photographed/recorded with serial numbers by BearingPoint as well as other items.

All follow up documentation as requested, (network maps showing equipment placement and additional follow up photographs) were provide to Dan Friend with USAC during August 2007.

Dan Friend**Universal Service Administrative Company**

Assistant Program Manager of External Relations
2000 L St N.W., Suite 200
Washington, D.C. 20036
Voice: 202-423-2617
Fax: 202-776-0080
Email: dfriend@usac.org

8 – We assert Pinon High School did have recordings of goods and services received and invoiced for this FRN, however the final packing list with sign off and serial numbers could not be found at the time of the Audit (note – the Auditors wished to wrap up the Audit as early as possible and left early due to severe weather conditions). All equipment had been received and installed and the original quote document acted as an initial inventory record. The Technical representative with the Audit firm (Xavier Motley) did do a walk through for verification of equipment delivered. When the Pinon district representative Steve Huxhold showed Mr. Motley the second Cisco switch, he then realized that this second switch was located in a different equipment room due to construction changes and he (Mr. Motley) verified the switch was in fact delivered and in use at the third equipment room.

9 - We assert that this is not a case of Fraud, Waste or Abuse. The extenuating circumstances created issues for Pinon in providing USAC /FCC preferred methods of documentation retention. The Audit results were misleading indicating that the entire amount of the FRN was not documented or information retained. The auditors neglected (as well as USAC) to further review it's prior onsite outreach of BearingPoint information and of Dan Friend of USAC which indicated receipt, serial numbers and installation of the goods and services with full beneficiary interview.

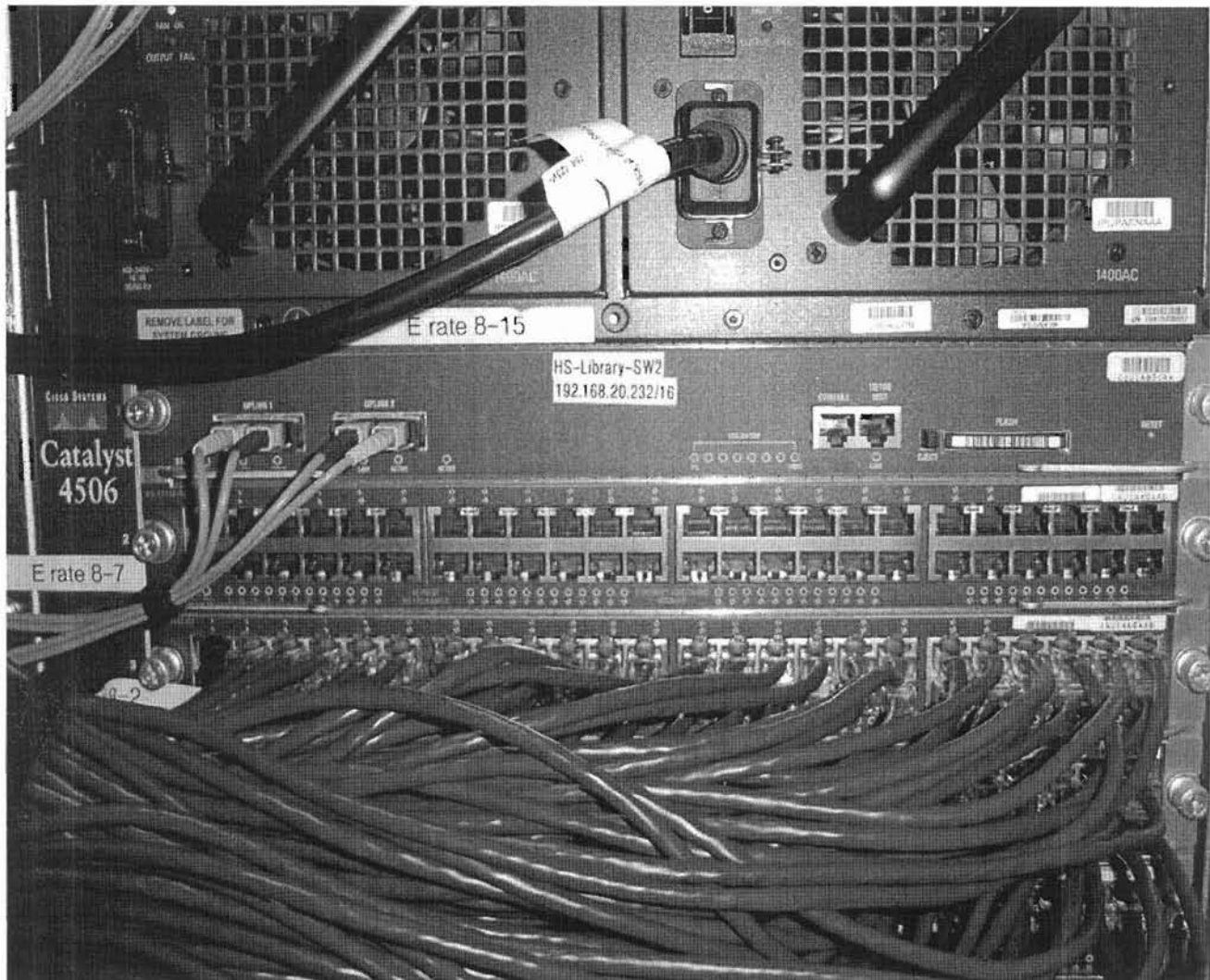
10 - We also point out that only \$ 22,419.54 was truly at question and not the entire project. The final Auditors report written 9 months after the Onsite visit differed from the original comments during the Audit.

An example is the statement that the district did not have a 5 year documentation policy in place, yet they were sent a 4 inch thick binder prior to their arrival. While onsite they stated they had not received it prior to being onsite. Yet the Oct 8,2008 letter stated they had received it. In the Audit comments it was stated Pinon could not prove they had Cipa Compliance, yet they were shown network documentation and visually saw the Cipa server. In addition, this information was documented in the Tech plan provided to the Auditors dated prior and during the funding year in question. Even after this, the District provided the Auditors follow up documentation showing that the State of Arizona – School Facilities Board initiated a state wide filtering project for all it's schools for 5 years beginning in 2001. Note that his was prior to the 5 year retention period (at the time it was 3 years for both USAC and the State) but was located and provided. In addition a copy of the licensing was provided during follow up and this information was ignored.

11 - Pinon High School did implement full documentation procedures and has provided all documentation required for all the funded resources in this FRN. To require repayment of eligible goods and services actually received would not serve the public interest. It would create undue hardship on the school and would heavily impact this high poverty, Native American community school.

12 – See photographic insert proving installation and delivery of the equipment in question, with corresponding serial number and model number. Both core switches are inserted.

Tag Number	Serial Number	Description	Acquisitions Method	Funding Source	Date Received	PO Number	Voucher Number	Actual or Estimated Historical Cost
	Site: Undesignated	Building: Pinon High School		Room: -				
						Total for Tag #		\$2,501.25
E rate 8-14	Fox 102-01387	Catalyst 4000 Chassis 6 slot	Purchase	010-100-1000-8737-500	08/03/2006	70234	9003	\$23,944.08
	Site: Undesignated	Building: Pinon High School		Room: -				
				Room: 102-01387		Total for Tag #		\$23,944.08
E rate 8-15	Fox 102-01387	Catalyst 4000 Chassis 6 slot	Purchase	010-100-1000-8737-500	08/03/2006	70234	9003	\$23,944.08
	Site: Undesignated	Building: Pinon High School		Room: -				
				Room: 102-01387		Total for Tag #		\$23,944.08



2 - REQUEST FOR WAIVER - Failure to Complete Delivery of Services

Per our *Administrator's Decision on Appeal – Funding Year 2005-2006* notification letter (copy on Page 26), dated November 16, 2009, please let this letter serve as our Request for Waiver of USAC's decision to deny our appeal for Improperly Disbursed Funds for the FRN listed below.

Billed Entity Name: Pinon High School/Pinon Unified School District No. 4

Billed Entity Number: 98843

Contact person name: Steve Huxhold
Technology Coordinator
Pinon Unified School District
1 mile north of Pinon on Rt41
Pinon, AZ 86510

Contact and email address: 928-725-2175
928-725-2123 (fax)
shuxhold@pusdatsa.org

Form 471 Application Number: 457585

Funding Request Numbers (FRNs): 1258681

Service provider name: Premise One, Inc.

Service Provider Identification Number (SPIN): 143019785

FCC Registration Number: 0013989926

Contract Number: md-212005-pinhs

Funds to recover from Applicant: \$526,476.24

REASON FOR DENIAL OF SLD APPEAL:

Our appeal was denied and the following reason stated in the denial letter – “After review of your letter of appeal and all pertinent documentation in regards to the equipment issue, it has been further determined that the listed date for delivery and installation of equipment/services as stated in the Service Certification for SLD invoices is June 30, 2006. This is different from the “received by” date of October 24, 2006, as reflected in the packing list provided on appeal. If the services were delivered and installed on October 24, 2006, Pinon High School did not meet the June 30, 2006 deadline for delivery and installation of non-recurring services. In response to a SLD inquiry about this discrepancy, you stated only that the final close-out documents lagged behind. As you were unable to establish that the deadline for delivery and installation of non-recurring services was met for FRN 1258681, the appeal is denied.

To be eligible for E-Rate Program support, eligible services must be received during a specific period of time related to the particular funding year for which discounts are requested. As the services requested were delivered and installed on October 24, 2006, you did not meet the deadline for delivery and installation of these non-recurring services.”

INTRODUCTION -

This equipment (1 Core switch part # - WS-C4506-S4/IOS/S, Value = \$ 22,419.54) was proven to have been delivered but the USAC Demand Payment Letter did not address the original denial reason **but instead** presented a new violation that we could not appeal to USAC. We assert that this equipment was identified as delivered and installed. However, during the project, delivery of goods from the manufacturer (Cisco Systems) caused a delay of the complete install of only the network portion of the Erate project by September

30, 2006 until final completion by Oct 6th, 2006. In addition there were other extenuating circumstances as presented below.

HISTORY in Chronological order:

1 – On Feb 8, 2006 USAC issued a FCDL, the school promptly filed a form 486 and received the 486 confirmation letter dated 4/12/2006 on 4/21/2006.

2 – A Copy of the original quote/bid and list of equipment is inserted below.

February 1, 2005

SLD Spin # 143019785
Quota MD-212005-PINHES

Steve Huxhold
Pinon High School
P.O. Box 839
Pinon AZ 86510-0839

Ref: Pinon HS yr 8 Erate - Internal Connections - Form 470# 972900000523205

Product #	Description	Qty	List	Cost Ea.	Ext total
Service for existing Network Electronics on HS campus and servers					
CON-SNT-WS-C4507	Smartnet Service – Cisco 4500 series switches, existing	1	\$ 2,638.00	\$ 2,638.00	\$ 2,638.00
CON-SNT-WS-C4506	8X5XNBD SMARTNET- 3 existing	4	\$ 1,760.00	\$ 1,760.00	\$ 7,040.00
CON-SNT-3640	- 800 tech support, software upgrades, over night replacement, Tac access, 1 year	1	\$ 1,600.00	\$ 1,600.00	\$ 1,600.00
CON-SNT-131	Smartnet Service – Cisco 1300 series bridges, 6 existing	6	\$ 104.00	\$ 104.00	\$ 624.00
CON-SNT-2600	Smartnet – 2600 series routers, existing	2	\$ 392.00	\$ 392.00	\$ 784.00
SERVICE - A	Service contract, 2-4 hour response by dial-in, existing network equipment, next day on-site, regular business hours, testing, diagnostics, un-install and re-install as needed, spares provided if available through local inventory				
		1		\$ 18,800.00	\$ 18,800.00
SERVICE - B	Service contract -1-4 hour response by phone, regular business hours, next day onsite as needed, support of Internet applications and network server farm, 40 hours of telephone help line support in ½ hour increments, 24 onsite service calls included server software updates, 16 hrs. Dial in access to be provided by District, software patches for Internet servers, Includes travel, per diem				
		1		\$ 38,000.00	\$ 38,000.00
SERVICE - C	Service contract -1-4 hour response by phone, regular business hours, next day onsite as needed, support of Phone system, minor parts / repair, include upgrade for 16 additional station ports and 4 1 ft's				
		1		\$ 24,900.00	\$ 24,900.00
				Subtotal	\$ 94,386.00

Internal Connections Cabling:

- Install (150) Category 5E Data Information Outlets.
- Install (4) 19" x 84" 4 post rack lids
- Install (8) 19" x 14" Data Equipment Shelves.
- Install (4) Keyboard/Mouse Shelf in new cabinet.
- modify MDF at High School
- Install 24 Position Category 5E Patch Panels in new cabinet as required
- Install 24 voice drops as required
- Install (5) Horizontal Wire Manager Panels in new cabinet.
- Provide (2) Station cabinets for voice video and data connections.
 - Add additional cabling for 2 labs for voice/video/data - 28 drops each
 - Include additional IDF cabinets/patch panels/wire management

Outside Plant Cabling:

- Provide and Install a copper, coax and fiber (multi mode and single mode 12/12 backbone from the MDF to adjoining buildings, lightwave guide test, terminate all, Provide all LIU's.

Video Connections to Classroom:

- Install (150) RG-6 Coaxial Cable Outlets to accommodate video to the classroom feeds.
- Install (4) 5-500Mghz Broad and Amp lifter units, (2) distribution amplifiers (2) monitors.
- Install (10) Directional Couplers, (6) video modulators, fiber to coax converters.
- Install (10) 4-way splitters.
- Provide (40) 5ft Coax Patch Cables

Product #	Description	Qty	List	Cost Ea.	Ext total
INSTALL	Cabling, consisting of Fiber (multimode), Category 5E copper data, Cat 5E patch panels, racks, cabinets, wall plates, all labor, materials warranted for 25 years, labor for 1 year,				
LABOR		1		\$129,683.00	\$129,683.00
MATERIAL		1		\$143,401.00	\$143,401.00
*99	Contingency - project adds/moves/changes, overtime due to customer requirements, change in asbuilts, up to 10 %				
PROJMANG	Project management	160		75	\$ 12,000.00
		1		\$ 28,500.00	\$ 28,500.00
SERVICE - CAB	Service contract, next day on-site, regular business hours, up to 6 trips, minor parts/labor and repair included, travel included	1		\$ 6,600.00	\$ 6,600.00
				Subtotal	\$320,184.00

Product #	Description	Qty	List	Cost Ea.	Ext total
FIBERSCSC1	Fiber patch cord 3ft, SC to SC,	24	\$ 59.00	\$ 45.00	\$ 1,079.98
FIBERSTSC1	Fiber patch cord 3ft, ST to SC,	14	\$ 44.00	\$ 33.00	\$ 462.00
APCBK1100	Battery back up 1100va - for servers	2	\$ 229.00	\$ 162.00	\$ 324.01
SU1500	SU 1500 va ups/network for MDF's	2	\$ 789.00	\$ 649.00	\$ 1,298.00
CAT-5-3	Cat 5E patch cord, 3 ft yellow	150	\$ 6.00	\$ 3.00	\$ 450.00
CAT-5-5	Cat 5E patch cord, 5 ft blue	50	\$ 8.00	\$ 4.00	\$ 200.00
CAT-5-10	Cat 5E patch cord, 10 ft red	150	\$ 10.00	\$ 5.00	\$ 750.00
CAT5- 14	Cat 5E patch cord, 14 ft green	150	\$ 12.00	\$ 6.00	\$ 900.00
*99	Rack mount outlet strip - 8 outlet	4	\$ 129.00	\$ 88.00	\$ 352.00
				Subtotal	\$ 5,815.99

Product #	Description	Qty	List	Cost Ea.	Ext total
WS-XG5482	1 port 1000 meg TX GBIC	8	\$ 395.00	\$ 300.00	\$ 2,400.00
WS-XG5484	1 port 1000 meg SX GBIC	8	\$ 500.00	\$ 335.00	\$ 2,680.00
WS-X4148-RJ	Catalyst 4000 E/FE/GE Module, 48- 10/100 (RJ-45)	6	\$ 4,995.00	\$ 3,346.65	\$ 20,079.90
WS-C3550-24-SMI	24 port 10/100 ethernet switch	6	\$ 3,495.00	\$ 2,342.00	\$ 14,052.00
WS-C4506-S4/IOS/S	Catalyst 4000 Chassis(6-Slot), Sup IV w/2 GE, IOS soft, dual ac, smartnet	2	\$ 33,455.00	\$ 22,419.54	\$ 44,839.09
CISCO3745	4 slot router with quad FE, 2 serial, 2 wan, 2 wics, dual power, 128meg flash, 192 dmem, 2 serial cables	1	\$ 22,450.00	\$ 15,950.00	\$ 15,950.00
				Subtotal	\$ 97,600.99

Product #	Description	Qty	List	Cost Ea.	Ext total
AIR-1300R	Cisco Aironet wireless 54mb lan bridge with 128 bit encryption,				
		6	\$ 1,299.00	\$ 870.44	\$ 5,222.66
AIR-ANT24121	12bd omni-directional Ant	4	\$ 695.00	\$ 465.65	\$ 1,862.60
AIR-MNT	mounting kit	6	\$ 269.00	\$ 180.23	\$ 1,081.38
*99	custom length ultra low loss cable	6	\$ 269.00	\$ 180.23	\$ 1,081.38
INSTALL-A	Installation of above items	1	\$ 4,200.00	\$ 4,200.00	\$ 4,200.00
SERVICE-D	Service contract, 1-4 hour response by dial-in for above items, next day on-site, regular bus hrs, 1 yr, 4 trips				
		1		\$ 1,800.00	\$ 1,800.00
APC-375	Battery back up - 375 va for bridges	6	\$ 99.00	\$ 75.98	\$ 455.86
*99	misc patch cords, bolts, mounting flangs, mast's, grounding hardware, 6 gauge grounding harness sealant	1		\$ 1,200.00	\$ 1,200.00
Air-ANT-D2-RD	Dual omni - RP-TNC RD antenna's	4	\$ 49.00	\$ 29.00	\$ 116.00
AIR-CB21AG	PCMICA cards w 128 bit wrep for testing	2	\$ 169.00	\$ 109.92	\$ 219.84
				Subtotal	\$ 17,239.72

Product #	Description	Qty	List	Cost Ea.	Ext total
INSTALL-B	Installation of above network items	1		\$ 6,800.00	\$ 6,800.00
SERVICE-E	Service contract, 1-4 hour response by dial-in for new switches, next day on-site, regular bus hrs, 1 yr, Co-ordination services, IP subnet addressing scheme, network design, location co-ord,	1		\$ 3,600.00	\$ 3,600.00
Project management		20		\$ 105.00	\$ 2,100.00
				Subtotal	\$ 12,500.00

Product #	Description	Qty	List	Cost Ea.	Ext total
*99	New PVBX/video conf servers - Pentium 2.8 gig, 2000 k mem, cdrom, 2 monitors, 4-7.3 gig drives, raid, win2k3, onsite next day warranty	2		\$ 8,659.00	\$ 17,718.00
*99	Server install - onsite, includes pre-install, dns, dhcp, user profiles, 30 hrs onsite @ 125., 12 hrs pre install @ 125, includes travel/per diem	1		\$ 5,900.00	\$ 5,900.00
*99	Rack mount hardware/ switch for above servers	3		\$ 220.00	\$ 660.00
*99	Software upgrades/ existing 2 servers/ user calcs/term serv lics, video encoder	1		\$ 4,750.00	\$ 4,750.00
				Subtotal	\$ 29,028.00

Ref: Pinon HS YRB Exam

Totals \$576,754.69
 shipping \$1,234.00
 Tax \$39,219.32

Grand total \$617,208.01

District PQ amount = \$61,720.80

Erate Match = \$555,487.21

Standard Terms & Conditions

All work to be performed during normal working hours. Access with out delay is the responsibility of others. All material is guaranteed to be as specified. All work to be completed in a workman like manner according to industry practices. Any alteration or deviation from above specifications involving extra costs, will be executed only upon written orders, and will become an extra charge over and above the estimate. All agreements are contingent upon strikes, accident or delays beyond our control. Payment terms are due net 10 days from invoice date. 25% of project will be billed at project start. Materials will be invoiced at time of delivery, and progress payments for labor will be billed commensurate to work accomplished at the end of each month. Owner to carry fire, tornado and other necessary insurance. Our workers are fully covered by Workman's Compensation Insurance.

3 - On 6/7/2006 the service provider created Statement of values for a progress payment for service contracts and some of the cabling totaling \$ 192,351.83. They billed Pinon for the matching 10% of the Erate total.

SUBCONTRACTOR / SUPPLIER INVOICE

JOB NAME Pinon High School
 JOB # 2267M
 APPLICATION DATE 6/7/2006
 PERIOD FROM 4/1/2006
 PERIOD TO 6/30/2006

VENDOR Premise One Inc
 ADDRESS 1335 N. Mondel Drive
 CITY/STATE/ZIP Gilbert, AZ 85233
 PHONE # : (480) 813-8723
 FAX # : (480) 813-8725

ITEM NO.	DESCRIPTION OF WORK	SCHEDULED VALUE	FROM PREVIOUS APPLICATIONS	LABORMAT THIS PERIOD	STORED MATERIAL	TOTAL COMPLETED & STORED TO DATE	% COMPLETE	BALANCE TO FINISH
1	Mobilization 10% per article 4 part a	\$61,720.80	\$0.00	\$61,720.80	\$0.00	\$61,720.80	100%	\$0.00
2	Service agreements in effect	\$84,330.00	\$0.00	\$84,330.00	\$0.00	\$84,330.00	100%	\$0.00
3	Horizontal Cabling rough in	\$186,438.00	\$0.00	\$25,021.03	\$6,100.00	\$31,121.03	17%	\$155,316.97
4	Horizontal Termination	\$49,816.60	\$0.00	\$9,130.00	\$0.00	\$9,130.00	18%	\$40,686.60
5	Horizontal Testing	\$11,329.00	\$0.00	\$6,050.00	\$0.00	\$6,050.00	53%	\$5,279.00
6	Backbone rough in	\$26,000.00	\$0.00	\$0.00	\$0.00	\$0.00	0%	\$26,000.00
7	Backbone Termination	\$4,300.00	\$0.00	\$0.00	\$0.00	\$0.00	0%	\$4,300.00
8	Backbone testing	\$3,200.00	\$0.00	\$0.00	\$0.00	\$0.00	0%	\$3,200.00
9	Network electronic install	\$143,806.41	\$0.00	\$0.00	\$0.00	\$0.00	0%	\$143,806.41
10	Wireless Network install	\$17,239.00	\$0.00	\$0.00	\$0.00	\$0.00	0%	\$17,239.00
11	Server Install	\$29,028.00	\$0.00	\$0.00	\$0.00	\$0.00	0%	\$29,028.00
12		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%	\$0.00
13		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%	\$0.00
TOTALS		\$617,208.01	\$0.00	\$186,251.83	\$6,100.00	\$192,351.83	31.2%	\$424,856.18

SUBCONTRACTOR/SUPPLIER INFORMATION: I HEREBY CERTIFY THAT THE WORK PERFORMED AND/OR THE MATERIAL SUPPLIED TO DATE AS INDICATED ABOVE, REPRESENTS THE ACTUAL V OF WORK ACCOMPLISHED TO DATE UNDER THE TERMS OF THE CONTRACT INCLUDING ALL AUTHORIZED CHANGES THERETO BETWEEN THE UNDERSIGNED AND PREMISE ONE, INC RELATING TO THE ABOVE REFERENCED PROJECT. I FURTHER CERTIFY THAT I HAVE COMPLIED WITH FEDERAL, STATE AND LOCAL LAWS INCLUDING SOCIAL SECURITY, UNEMPLOYMENT, WORKERS COMPENSATION AND TAX LAWS, IN SO FAR AS APPLICABLE TO THE PERFORMANCE OF THIS CONTRACT

TOTAL COMPLETED & STORED TO DATE \$ 192,351.83
 LESS GROSS PREVIOUS APPLICATIONS \$ 0.00
 GROSS AMOUNT DUE THIS PERIOD \$ 192,351.83
 LESS RETENTION @ 0 % \$ 0.00
 CURRENT PAYMENT DUE \$ 192,351.83



Office, Sales, Service 480-813-8723 888-878-8724
24-hour Alarm Monitoring Station 480-752-7149
www.premiseone.net

INVOICE

Page 1

Invoice Number 8495014

Invoice Date 06/07/06

Due Date 07/07/06

Customer Number 238

BILL TO:

Pinon School District #4
Attn: Accounts Payable
P.O. Box 839
Pinon, AZ 86510-0839

JOB: 2267N1

PINON ERATE INSTALL
1 MI N OF PINON ON RT 41
PINON, AZ 86510

DESCRIPTION	QUANTITY	PRICE	AMOUNT
ATTN: FORREST WAGGONER			
471# 457585			
FRN# 1258681			
PINON HIGH SCHOOL			
FURNISH AND INSATLL LABOR, MATERIAL AND COMMON EQUIPMENT FOR INTERNAL CONNECTIONS AS PER CONTRACT AGREEMENT AND SLD FUNDING REQUIREMENTS.			
**			
SLD FUNDED AMOUNT			617,208.01
LESS SLD FUNDED %			-555,487.21
		NET DUE:	61,720.80

4 – On 6/14/06 the service provider then submitted another invoice for additional cabling work for \$ 130,631.03. This brought the total to \$ 322,982.86 by 6/14/2006.



Office, Sales, Service 480-813-8723 888-878-8724
24-hour Alarm Monitoring Station 480-752-7148
www.premiseone.net

INVOICE

Page 1

Invoice Number 8495039

Invoice Date 06/14/06

Due Date 07/14/06

Customer Number 238

BILL TO:

Pinon School District #4
Attn: Accounts Payable
P.O. Box 839
Pinon, AZ 86510-0839

JOB: 2267N1

PINON ERATE INSTALL
1 MI N OF PINON ON RT 41
PINON, AZ 86510

DESCRIPTION	QUANTITY	PRICE	AMOUNT
ATTN: FORREST WAGGONER			
471 # 457585			
FRN# 1258681			
PINON HIGH SCHOOL			
FURNISH AND INSTALL LABOR, MATERIAL AND COMMON EQUIPMENT FOR INTERNAL CONNECTIONS AS PER SOV CONTRACT AGREEMENT AND SLD FUNDING REQUIREMENTS.			
**			
AMOUNT DUE			130,631.03
		NET DUE:	130,631.03

5 – On 6/30/06 the remaining items were network electronics and service substitutions. The service provider invoiced USAC. The servers and wireless were now installed. See documentation below.

Pinon Unified School District

Site Documentation

This documentation is updated from time to time as changes made to the environment, that are E-rate eligible, occur.

Last Update July 7, 2006

Arizona Network Group, LLC.

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Wireless config -

HS_Cafeteria_WAP#sho ver
Cisco IOS Software, C1310 Software (C1310-K9W7-M), Version 12.3(8)JA2, RELEASE S
OFTWARE (fc1)
Technical Support: <http://www.cisco.com/techsupport>
Copyright (c) 1986-2006 by Cisco Systems, Inc.
Compiled Tue 30-May-06 18:15 by pwade

ROM: Bootstrap program is C1310 boot loader
BOOTLDR: C1310 Boot Loader (C1310-BOOT-M) Version 12.3(2)JA4, RELEASE SOFTWARE (fc1)

HS_Cafeteria_WAP uptime is 19 hours, 50 minutes
System returned to ROM by power-on
System image file is "flash:/c1310-k9w7-mx.123-8.JA2/c1310-k9w7-mx.123-8.JA2"

This product contains cryptographic features and is subject to United States and local country laws governing import, export, transfer and use. Delivery of Cisco cryptographic products does not imply third-party authority to import, export, distribute or use encryption. Importers, exporters, distributors and users are responsible for compliance with U.S. and local country laws. By using this product you agree to comply with applicable laws and regulations. If you are unable to comply with U.S. and local laws, return this product immediately.

A summary of U.S. laws governing Cisco cryptographic products may be found at:
<http://www.cisco.com/www/export/crypto/tool/stqrg.html>

If you require further assistance please contact us by sending email to export@cisco.com.

cisco AIR-BR1310G-A-K9-R (PowerPCElvis) processor (revision A0) with 24566K/8192K bytes of memory.
Processor board ID FOC10363WG5
PowerPCElvis CPU at 262Mhz, revision number 0x0950
Last reset from power-on
1 FastEthernet interface
1 802.11 Radio(s)

32K bytes of flash-simulated non-volatile configuration memory.
Base ethernet MAC Address: 00:19:55:A9:6A:0E
Part Number : 73-8960-06
PCA Assembly Number : 800-24963-05
PCA Revision Number : A0
PCB Serial Number : FOC10363WG5
Top Assembly Part Number : 800-25292-04
Top Assembly Serial Number : FTX1039U0RC

6 - The service provider submitted a service substitution to USAC on 7/16/2006 for remaining Cabling to substitute to additional wireless..

Service Substitution Request

[07-11-06]

Service Substitutions
Schools and Libraries Division - Correspondence Unit
100 South Jefferson Road
P.O. Box 902
Whippany, New Jersey 07981

Piscataway Unified School District #4 (Billed Entry Number 99843) is requesting a service substitution for application number 388623 and Funding Request Number 457585. The specific change requested is as follows: Computers changed from desktop to laptop requiring a change to wireless distribution method of data distribution.

	Description	Function / Product Type	Unit Cost	Extended Cost
104	Data drops for computer connectivity	Data Distribution	\$298.319	\$31,025.15

TOTAL \$31,025.15

TO:

	Description	Function / Product Type	Unit Cost	Extended Cost
13	Install wireless bridge/access point	Data Distribution	\$390.00	\$5,070.00
13	Dual RG6 to Wireless bridge/access point	Data Distribution	\$300.00	\$3,900.00
13	Cisco AIR-BR1310G	Data Distribution	\$870.44	\$11,315.72
13	Mounting Kit	Data Distribution	\$180.23	\$2,342.99
13	Custom length low loss cable	Data Distribution	\$180.23	\$2,342.99
13	12 db omni directional ant	Data Distribution	465.65	\$6,053.45

TOTAL \$31,025.15

I certify

- that the substituted products or services have the same functionality as contained in the original proposal
- that the substitution does not violate any contract provisions or state or local procurement laws;
- that the substitution does not result in an increase in the percentage of ineligible services or functions; and
- that the requested change is within the scope of the controlling FDC Form 470, including any associated Requests for Proposal for the original services.

To the extent that the requested service substitution provides a decreased cost, I authorize USAC to reduce my funding commitment.



Fred P. Nofen RCDD, Account Manager
480.813.8723
fred@premiseone.net

7 – USAC did not pay the invoice submitted due to a clerical error and by 9/7/2006 the service provider was still unpaid.

8 – USAC did not respond to the service substitution submitted on 7/16/06.

9 – The service provider installed the core router on 8/18/06 after finally receiving from the manufacturer—see configuration insert below.

EdgeRouter#sho tech

----- show version -----

Cisco IOS Software, 3800 Software (C3845-IPBASE-M), Version 12.4(3f), RELEASE SOFTWARE (fc3)

Technical Support: <http://www.cisco.com/techsupport>

Copyright (c) 1986-2006 by Cisco Systems, Inc.

Compiled Fri 18-Aug-06 21:53 by alnguyen

ROM: System Bootstrap, Version 12.3(11r)T2, RELEASE SOFTWARE (fc1)

EdgeRouter uptime is 4 minutes

System returned to ROM by power-on

System image file is "flash:c3845-ipbase-mz.124-3f.bin"

Cisco 3845 (revision 1.0) with 225280K/36864K bytes of memory.

Processor board ID FTX1039A2TS

2 Gigabit Ethernet interfaces

DRAM configuration is 64 bits wide with parity enabled.

479K bytes of NVRAM.

62720K bytes of ATA System CompactFlash (Read/Write)

Configuration register is 0x2102

----- show running-config -----

Building configuration...

Current configuration : 1874 bytes

version 12.4

service timestamps debug datetime msec

service timestamps log datetime msec

no service password-encryption

!

hostname EdgeRouter

10 – BY 9/8/06 a new invoice had been sent to USAC, a service certification was signed by the school. The matching 10% had been paid (Check # 756057 on 8/7/06). The contract allowed for 25% upfront billing which was more than the remaining switches on order and or in transit. We admit that Mr. Huxhold should have signed on the right side of the service certification to indicate that some items were yet to be delivered.

Standard Terms & Conditions

All work to be performed during normal working hours. Access with out delay is the responsibility of others. All material is guaranteed to be as specified. All work to be completed in a workman like manner according to industry practices. Any alteration or deviation from above specifications involving extra costs, will be executed only upon written orders, and will become an extra charge over and above the estimate. All agreements are contingent upon strikes, accident or delays beyond our control. Payment terms are due net 10 days from invoice date, 25% of project will be billed at project start. Materials will be invoiced at time of delivery, and progress payments for labor will be billed commensurate to work accomplished at the end of each month. Owner to carry fire, tornado and other necessary insurance. Our workers are fully covered by Workman's Compensation Insurance.

F.O.B.:

Gilbert, AZ, shipping is prepaid and added

Service Certification for SLD Invoices

Service Provider Name	Premise One, Inc.
Service Provider SPIN	143013766
Service Provider Invoice #	8406830 (SLC Invoice # 0914631)
Undiscounted Invoice Amount	\$617,208.01
Discounted Invoice Amount	\$626,475.24

Applicant Name	PINON HIGH SCHOOL
Representative / Contact Name	Steve Huxford
Representative / Contact Title	IT Director
Representative / Contact Phone	920-725-2175
Billed Entity Number (BEN)	98843
471 Number	457580
FHN	1258057
Date Goods/Services Delivered	8/30/06
Date Goods/Services were or will be installed	8/30/06
Date Applicant Portion Paid and Check No. or Date will be Paid	8/7/06 Check # 758057

This is to certify that I am authorized to represent the above named Applicant. This is also to certify the services described on the attached vendor invoice were delivered and/or installed as indicated by the date(s) above.

Or The charges represented by the above represented invoice are deposits or up-front charges for services, which have not been delivered, and have been agreed to based on the contract between the above referenced Applicant and Service Provider.

Copy of ~~original~~ vendor invoice must be attached. Contract with Service Provider above is for:
 Delivery only Yes ☐ No ☐
 Delivery and Installation Yes ☒ No ☐

Copy of ~~supporting contract~~ must be attached if indicated below.

Supporting Contract Required YES ☐ NO ☐

Signed: Steve Huxford

Signed:

Date: 8/13/06

Date:

Revised 04/05/05

Schools and Library Division (USAC)

20 3304

0305

SE12582606

09-08 2006 07/06

11 - By 9/27/06 the remaining equipment had been ordered and was in transit. See Smartnet contract information confirming the service on the equipment below.



Confirmation of Cisco SMARTnet Contract

23 May 2007

Project 2267N1 - E-Rate Year 5

Cisco Support Contact Information

TAC 1 800 553 2447

Open TAC case online (login required): <http://tools.cisco.com/ServiceRequestTool/create>

Contract Information

Contract Number(s): 3294810, 3532072
Service level: SMARTnet SxSxNBD (SNT)
Registered Installation Location: PINON UNIFIED SCHOOL DISTRICT #4 1 MI N OF PINON ON HWY 41 PINON, AZ 86510 UNITED STATES
Start Date: 27 Sep 2006 End Date: 26 Sep 2007

12 - By 10/20/2006, all of the prior equipment, cabling and new equipment had been received and installation was effected. See information inserted below.

PAGE 1 OF 3

PACKING LIST & RECEIPT
PREMISE ONE INT.
PROJECT: 2267N1, PINON HIGH SCHOOL E-RATE YEAR 5
20 OCT 2006

QTY.	MFG.	PART NUMBER	SERIAL NUMBER	DESCRIPTION	INITIAL
4	APC	SUA1500RM2U	AS0634293757	UPS 1500VA 2U BLK	
	APC	SUA1500RM2U	AS0634293779	UPS 1500VA 2U BLK	
	APC	SUA1500RM2U	AS0634293760	UPS 1500VA 2U BLK	
	APC	SUA1500RM2U	AS0634293776	UPS 1500VA 2U BLK	
6	APC	BR500	BB0618049399	UPS 500VA	
	APC	BR500	BB0618049608	UPS 500VA	
	APC	BR500	BB0618049441	UPS 500VA	
	APC	BR500	BB0618049599	UPS 500VA	
	APC	BR500	BB0618049485	UPS 500VA	
	APC	BR500	BB0618049443	UPS 500VA	
4	APC	AP9562	NA0635002013	RACK MT PDU 15A	
	APC	AP9562	NA0635002027	RACK MT PDU 15A	
	APC	AP9562	NA0635002012	RACK MT PDU 15A	
	APC	AP9562	NA0635002021	RACK MT PDU 15A	
150	COMMSCOPE	UNC5-GY-3F-NB	N/A	PATCH CORD, CAT 5E, 3FT, NO BO	
50	COMMSCOPE	UNC5-GY-5F-NB	N/A	PATCH CORD, CAT 5E, 5FT, NO BO	
150	COMMSCOPE	UNC5-GY-10F-NB	N/A	PATCH CORD, CAT 5E, 10FT, NO B	
1	CISCO	CISCO3945	FTX1039A2TS	ROUTER, 2GE, 1SFP, 4NME, 4HWIC	
1	CISCO	WIC-2T-	35119217	WAN INTERFACE CARD, (2) SMART	

1	CISCO	NM-2FE2W-V2-	FOC1030492H	NETWORK MODULE, 2 FE & 2 WIC S	
1	CISCO	PWR-3845-AC-	N/A	REDUNDANT PWR SUPPLY FOR 3845	
2	CISCO	CAB-SS-232MT-	N/A	SERIAL CABLE, SMART SERIAL TO	
6	CISCO	WS-C3560-24TS-S	CAT1031RLFB	ETHERNET SW, (24) 10/100, (2)	
	CISCO	WS-C3560-24TS-S	CAT1031RLCK	ETHERNET SW, (24) 10/100, (2)	
	CISCO	WS-C3560-24TS-S	CAT1031RLE6	ETHERNET SW, (24) 10/100, (2)	
	CISCO	WS-C3560-24TS-S	CAT1031RLEA	ETHERNET SW, (24) 10/100, (2)	
	CISCO	WS-C3560-24TS-S	CAT1031RL9U	ETHERNET SW, (24) 10/100, (2)	
	CISCO	WS-C3560-24TS-S	CAT1031RHX	ETHERNET SW, (24) 10/100, (2)	
2	CISCO	WS-C4506	FOX10300057	4506 CHASSIS, FAN, REQ PWR SUP	
	CISCO	WS-C4506	FOX103103E2	4506 CHASSIS, FAN, REQ PWR SUP	
4	CISCO	PWR-C45-1400AC-	DTH10277962	4500 POWER SUPPLY, 1400W, DATA	
	CISCO	PWR-C45-1400AC-	DTH10277985	4500 POWER SUPPLY, 1400W, DATA	
	CISCO	PWR-C45-1400AC-	DTH10277910	4500 POWER SUPPLY, 1400W, DATA	
	CISCO	PWR-C45-1400AC-	DTH10277974	4500 POWER SUPPLY, 1400W, DATA	
2	CISCO	WS-X4515-	JAE1037BA3A	4500 SUPERVISOR IV, 2GE	
	CISCO	WS-X4515-	JAE1037BA92	4500 SUPERVISOR IV, 2GE	
6	CISCO	WS-X4148-RJ-	JAE10286LH5	4500 MODULE, (48) 10/100T	
	CISCO	WS-X4148-RJ-	JAE10286L20	4500 MODULE, (48) 10/100T	
	CISCO	WS-X4148-RJ-	JAE10275VLY	4500 MODULE, (48) 10/100T	
	CISCO	WS-X4148-RJ-	JAE10286L2Q	4500 MODULE, (48) 10/100T	
	CISCO	WS-X4148-RJ-	JAE10286L1F	4500 MODULE, (48) 10/100T	
	CISCO	WS-X4148-RJ-	JAE10286L7F	4500 MODULE, (48) 10/100T	
6	CISCO	GLC-T-	N/A	SFP MODULE, 1000BaseT	

6	CISCO	GLC-SX-MM-	N/A	SFP MODULE, 1000BaseSX 850nm-M	
4	CISCO	WS-G5493	FHH1034203H	GBIC MODULE, 1000BaseT	
	CISCO	WS-G5493	FHH1034203S	GBIC MODULE, 1000BaseT	
	CISCO	WS-G5493	FHH1035209A	GBIC MODULE, 1000BaseT	
	CISCO	WS-G5493	FHH1035209E	GBIC MODULE, 1000BaseT	
4	CISCO	WS-G5494	N/A	GBIC MODULE, 1000BaseSX 950nm-	
6	CISCO	AIR-BR1310G-A-K9-R	FTX1039U0RE	1310 WIRELESS BRIDGE/AP, 802.1	
	CISCO	AIR-BR1310G-A-K9-R	FTX1039U0RL	1310 WIRELESS BRIDGE/AP, 802.1	
	CISCO	AIR-BR1310G-A-K9-R	FTX1039U0S0	1310 WIRELESS BRIDGE/AP, 802.1	
	CISCO	AIR-BR1310G-A-K9-R	FTX1039U0RC	1310 WIRELESS BRIDGE/AP, 802.1	
	CISCO	AIR-BR1310G-A-K9-R	FTX1039U0RV	1310 WIRELESS BRIDGE/AP, 802.1	
	CISCO	AIR-BR1310G-A-K9-R	FTX1039U0SD	1310 WIRELESS BRIDGE/AP, 802.1	
20	CISCO	AIR-ANT4941	N/A	4941 DIPOLE ANT, 2.4GHz, 2dB1,	
10	CISCO	AIR-ANT24120	N/A	24120 OMNI ANT, MAST MT, 2.4GHz	
2	CISCO	AIR-CB21AG-A-K9	FOC1037N2BV	CARDBUS NIC, 802.11a/b/g	
	CISCO	AIR-CB21AG-A-K9	FOC1038N036	CARDBUS NIC, 802.11a/b/g	

13 - On November 8, 2006 Bearing point (Matt Markovich – Site reviewer) the inspection did not determine any missing equipment.



Outreach Project Office
1676 International Drive
McLean, VA 22102-4828
Tel: +1.800.248.7758
Fax: +1.703.940.0203

www.universalservice.org/about/site-visits/

October 19, 2006

Mr. Steve Huxhold
Pinon High School
Route 41
Pinon, AZ 86510

Re: Funding Year: Eight
Form 471 Number: 457585
FRN: 1268681

Dear Mr. Steve Huxhold:

Per our conversation earlier, I am writing to confirm that we will be conducting a site visit at the Pinon High School 11/28/2006 as part of USAC's Site Visit Outreach Initiative. We plan on meeting with you at 9:00 am at the address listed above.



To: Steve Huxhold	From: Mike Daniel
Fax: 928-725-2114,3278	Pages: 2
Phone: 480-480-8371	Date: 11/14/2006
Re: PIA onsite visit and review	CC:

☐ Urgent ☒ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

● **Comments:**

Hello Steve,

You copy and paste out of this document to elsewhere.

Remarks regarding results of the SLD Onsite visit:

- 1 – Compliance with most program rules was proven
- 2 – Reviewer seemed satisfied that equipment was installed and in use in almost all cases
- 3 – Prior to the review date shortages of delivered goods were discovered as listed below in "A"
- 4 – The reviewer picked out three items that were the most expensive, both Cisco 4500 switches, Cisco 3700 series router (a product change was discovered by the reviewer and asked if a product change request had been done) and the servers. Photographs and serial numbers were recorded.
- 5 – Little attention was given to the servers, reviewer commented that nothing was attached to one of the Cisco 4500's, the other had only 1 of 4 multiport Ethernet blades attached and in use.

A – List of Issues

- 1 – Two of the new blades in one of the newly installed 4508's should go in mdf 4507 or 4506 which is missing 2 blades.
- 2 – The router was a 3800 series versus 3700 series, which is an acceptable upgrade, though Pinon should have been notified.

14 – During the USAC appeal we provided the signed/dated final packing list. It was dated 10/24/2006.

USAC questioned the date on the paperwork we had provided;

"After review of your letter of appeal and all pertinent documentation in regards to the equipment issue, it has been further determined that the listed date for delivery and installation of equipment/services as stated in the Service Certification for SLD invoices is June 30, 2006. This is different from the "received by" date of October 24, 2006, as reflected in the packing list provided on appeal. If the services were delivered and installed on October 24, 2006, Pinon High School did not meet the June 30, 2006 deadline for delivery and installation of non-recurring services. In response to a SLD inquiry about this discrepancy, you stated only that the final close-out documents lagged behind. As you were unable to establish that the deadline for delivery and installation of non-recurring services was met for FRN 1258681, the appeal is denied."

"To be eligible for E-Rate Program support, eligible services must be received during a specific period of time related to the particular funding year for which discounts are requested. As the services requested were delivered and installed on October 24, 2006, you did not meet the deadline for delivery and installation of these non-recurring services."

We assert that the majority of services began in May of 2006 and substantial completion had occurred by June 30, 2006. Final delivery/installation was completed October 20, 2006 and final sign off occurred on Oct 24, 2006.

Under program rules for Internal connections/Non re-occurring services it states ***"In general, non-recurring services must be delivered and installed between July 1 of the relevant funding year and September 30, following the June 30 close of that funding year (i.e., 15 months after the beginning of the funding year)."***

Such extensions can occur for various reasons, including:

- 1. A Funding Commitment Decision Letter (FCDL) is issued by USAC on or after March 1 of the funding year for which support is authorized***
- 2. Service provider change authorizations or service substitution authorizations are approved by USAC on or after March 1 of the funding year for which support is authorized***
- 3. The applicant requested an extension because the service provider was unable to complete delivery and installation for reasons beyond the service provider's control***
- 4. The applicant requested an extension because the service provider has been unwilling to complete delivery and installation after USAC withheld payment for those services on a properly-submitted invoice for more than 60 days after submission of the invoice.***

USAC will automatically extend the service delivery deadline in situations where criteria (1) or (2) are met. Recipients of non-recurring services that wish to satisfy criterion (3) must submit documentation to USAC on or before the September 30 following the close of the funding year. A recipients of service that meets criterion (4) must certify to USAC on or before the September 30 following the close of the funding year that its service provider was unwilling to deliver or install non-recurring services before the expiration of the deadline after USAC had withheld payment for those services on a properly-submitted invoice for more than 60 days after the submission of the invoice.

CONCLUSION and Waiver Request:

1 - We submit that USAC has erred in denying our appeal.

2 – We submit that USAC should **not** have sought repayment of the full amount, only the network items representing less than \$ 146,803.41.

We refer to Docket *FCC 04-190* -

"Failure to Complete Service within the Funding Year. We conclude that the failure to complete delivery of services by the relevant deadline for a particular funding year is a rule violation that warrants recovery of all funds disbursed for services installed or delivered after the close of the funding year. We note that parties are always free to seek an extension of time to install non-recurring services from USAC, consistent with the conditions set by the Commission for such an extension. Such extensions have been granted in situations where installation cannot be completed for reasons outside the control of the beneficiary."

"In situations where USAC normally would adjust the commitment amount, because the applicant is eligible for some, but not all, of the support, USAC has sought recovery of the difference between the amount approved and disbursed and the appropriate amount."

3 – USAC did not review its own onsite report from Bearing Point; otherwise either USAC or the Auditors would have realized that there was no missing equipment. We assert that the initial remand was inappropriate and unfounded.

4 – Due to delays in payment from USAC, the project could have been halted and an extension requested prior to September 30th but since the service certification was completed on September 14th, the service provider felt confident that the equipment would be received and installed prior to September 30th.

5 – The service substitution was never denied or granted, though it would have been an appropriate and acceptable substitution. This caused delay in the ordering of network equipment. As an applicant, Pinon could have applied for an extension, but expected the service substitution to be granted promptly. This is why the invoice amount was below the funded amount.

FCC 04- 190CC Docket No. 02-6 -

23. "Service Substitution. Parties have the opportunity to make legitimate changes to requested services when events occur that make the original funding request impractical or even impossible to fulfill.44 Last December, we codified rules to address requests for service or equipment changes, concluding that allowing parties to make such substitutions is consistent with our goal of affording schools and libraries maximum flexibility to choose the offering that meets their needs more effectively and efficiently." "In fact, applicants are free to switch from wireline to wireless technologies, from high to even higher speed transmission speeds, and to make other similar changes in the services they order as long as those services are designed to deliver the educational applications they have prepared to provide."

We also refer to Docket No. 04-190 -

"If, however, the procedural violation is inadvertently overlooked during the application phase and funds are disbursed, the Commission will not require that they be recovered, except to the extent that such rules are essential to the financial integrity of the program, as designated by the agency, or that circumstances suggest the possibility of waste, fraud, or abuse, which will be evaluated on a case-by-case basis."

6 – We assert that the service provider was unable to complete delivery and installation for reasons beyond the service provider's control by virtue of the delay in payment, delay in service substitution and delay in delivery by the manufacturer.

7 - Finally, we believe the violation at issue is procedural, not substantive, and there is no evidence of waste, fraud or abuse, misuse of funds or a failure to adhere to core program requirements.

We request a waiver for missing the implementation date of the partial network portion of the internal connections by 20 days.

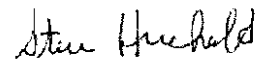
We refer to Docket FCC 04-190 -

" In this regard, we recognize that there may be mitigating circumstances which warrant waiver of a rule. The Commission's rules may be waived when good cause is demonstrated. 47 C.F.R. § 1.3; see also WAIT Radio v. FCC, 418 F.2d 1153, 1159 (D.C. Cir. 1969), cert. denied, 409 U.S. 1027 (1972). The Commission may exercise its discretion to waive a rule where the particular facts make strict compliance inconsistent with the public interest. Northeast Cellular Telephone Co. v. FCC, 897 F.2d 1164, 1166 (1990). In doing so, we may take into account, on a case-specific basis, considerations of hardship, equity, or more effective implementation of overall policy. Waiver is appropriate only if special circumstances warrant deviation from the general rule, and such a deviation will serve the public interest."

Thank you for your consideration.

You can reach me at the school,
Email at: SHuxhold@pusdatsa.org
Telephone: 928-725-2175

Sincerely,



Steve Huxhold
Pinon School District # 4
P.O. Box 839
Pinon AZ 86510-0839

2 Attachments below:

1. Administrator's Decision on Appeal denial notification letter, dated November 16, 2009.
2. USAC/SLD Demand Payment Letter, dated November 18, 2009



Universal Service Administrative Company
Schools & Libraries Division

Administrator's Decision on Appeal – Funding Year 2005-2006

November 16, 2009

Steve Huxhold
Pinon Unified School District
1 mile North of Pinon on Rt41
Pinon, AZ 86510

Re: Applicant Name: PINON HIGH SCHOOL
Billed Entity Number: 98843
Form 471 Application Number: 457585
Funding Request Number(s): 1258681
Your Correspondence Dated: June 11, 2009

After thorough review and investigation of all relevant facts, the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC) has made its decision in regard to your appeal of USAC's Funding Year 2005 Notification of Improperly Disbursed Funds Letter for the Application Number indicated above. This letter explains the basis of USAC's decision. The date of this letter begins the 60 day time period for appealing this decision to the Federal Communications Commission (FCC). If your Letter of Appeal included more than one Application Number, please note that you will receive a separate letter for each application.

Funding Request Number(s): 1258681
Decision on Appeal: **Denied**
Explanation:

- After review of your letter of appeal and all pertinent documentation in regards to the equipment issue, it has been further determined that the listed date for delivery and installation of equipment/services as stated in the Service Certification for SLD invoices is June 30, 2006. This is different from the "received by" date of October 24, 2006, as reflected in the packing list provided on appeal. If the services were delivered and installed on October 24, 2006, Pinon High School did not meet the June 30, 2006 deadline for delivery and installation of non-recurring services. In response to a SLD inquiry about this discrepancy, you stated only that the final close-out documents lagged behind. As you were unable to establish that the deadline for delivery and installation of non-recurring services was met for FRN 1258681, the appeal is denied.

100 South Jefferson Road, P.O. Box 902, Whippany, New Jersey 07981
Visit us online at: www.usac.org/sl/

To be eligible for E-Rate Program support, eligible services must be received during a specific period of time related to the particular funding year for which discounts are requested. As the services requested were delivered and installed on October 24, 2006, you did not meet the deadline for delivery and installation of these non-recurring services.

If your appeal has been denied in full, partially approved, dismissed, or canceled, you may file an appeal with the FCC. You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received or postmarked within 60 days of the date on this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the SLD section of the USAC website or by contacting the Client Service Bureau. We strongly recommend that you use the electronic filing options.

We thank you for your continued support, patience and cooperation during the appeal process.

Schools and Libraries Division
Universal Service Administrative Company

100 South Jefferson Road, P.O. Box 902, Whippany, New Jersey 07981
Visit us online at: www.usac.org/slr



Schools and Libraries Division

Demand Payment Letter
(Funding Year 2005: July 1, 2005- June 30, 2006)

November 18, 2009

Steve Huxhold
PINON HIGH SCHOOL
1 MI N OF PINON ON RT 41
PINON, AZ 86510

Re: Form 471 Application Number: 457585
Funding Year: 2005
Applicant's Form Identifier: 242005phel
Billed Entity Number: 98843
FCC Registration Number: 0019989926
Service Provider Name: Premise One, Inc.
SPIN: 143019785
Service Provider Contact Person: Chris Nofan
Payment Due By: 12/18/2009

You were recently sent a Notification of Improperly Disbursed Funds Recovery Letter informing you of the need to recover funds from you for the Funding Request Number(s) (FRNs) listed on the Funding Disbursement Recovery Report (Report) of that letter. A copy of that Report is also attached to this letter.

The balance of this debt is due within 30 days from the date of this letter. Failure to pay the debt within 30 days from the date of this letter could result in interest, late payment fees, administrative charges, and implementation of the "Red Light Rule." The FCC's Red Light Rule requires USAC to dismiss pending FCC Form 471 applications if the entity responsible for paying the outstanding debt has not paid the debt, or otherwise made satisfactory arrangements to pay the debt within 30 days of the notice provided by USAC. For more information on the Red Light Rule, please see "Red Light Frequently Asked Questions (FAQs)" posted on the FCC website at http://www.fcc.gov/debt_collection/faq.html.

If the Universal Service Administrative Company (USAC) has determined that both the applicant and the service provider are responsible for a Program rule violation, then, pursuant to the Order on Reconsideration and Fourth Report and Order (FCC 04-181), the USAC will seek recovery of the improperly disbursed amount from BOTH parties and will continue to seek recovery until either or both parties have fully paid the debt. If USAC has determined that both the applicant and the service provider are responsible for a Program rule violation, this was indicated in the Disbursed Funds Recovery Explanation on the Funding Disbursement Recovery Report.

If USAC is attempting to collect all or part of the debt from both the applicant and the service provider, then you should work with your service provider to determine who will be repaying the debt to avoid duplicate payment.

Schools and Libraries Division - Correspondence Unit
100 South Jefferson Road, P.O. Box 902, Whippany, NJ 07981
Visit us online at: www.usac.org/sd

Please note, however, that the debt is the responsibility of both the applicant and service provider. Therefore, you are responsible for ensuring that the debt is paid in a timely manner.

Please remit payment for the full "Funds to be Recovered from Applicant" amount shown in the Report. To ensure that your payment is properly credited, please include a copy of the Report with your check. Make your check payable to the Universal Service Administrative Company (USAC).

If sending payment by U. S. Postal Service or major courier service (e.g. Airborne, Federal Express, and UPS) please send check payments to:

Universal Service Administrative Company
1259 Poyosphere Circle
Chicago, IL 60674
Phone: 877-994-7272

If you are located in the Chicago area and use a local messenger rather than a major courier service, please address and deliver the package to:

Universal Service Administrative Company
Lockbox 1259
540 West Madison 4th Floor
Chicago, IL 60661
Phone: 877-994-7272

Local messenger service should deliver to the Lockbox Receiving Window at the above address.

Payment is due within 30 days from the date of this letter.

Complete Program information is posted to the SLD section of the USAC website at www.usac.org/slf/. You may also contact the SLD Client Service Bureau by email using the "Submit a Question" link on the SLD website, by fax at 1-888-276-8736 or by phone at 1-888-203-8100.

Universal Service Administrative Company
Schools and Libraries Division

cc: Chris Nofen
Premise One, Inc.

Funding Disbursement Recovery Report
For Form 471 Application Number: 457585

Funding Request Number: 1258681
Contract Number: md-212005-pinhs
Services Ordered: INTERNAL CONNECTIONS
Billing Account Number:
Pending Commitment: \$555,486.21
Funds Disbursed to Date: \$526,476.24
Funds to be Recovered from Applicant: \$526,476.24

Disbursed Funds Recovery Explanation:

After a thorough investigation, it has been determined that funds were improperly disbursed on this funding request. During the course of an audit, it was determined that equipment purchased with the Universal Service funds for FY2005, FRN 1258681, could not be located. FCC rules require that the equipment purchased with program discounts be located at an eligible entity and be utilized effectively for educational purposes. The rules require that applicants retain asset and inventory records of equipment purchased and components of supported internal connections services sufficient to verify the location of such equipment for five years. Since you did not maintain the related asset and inventory records and the equipment purchased with Universal Service funds could not be located, the above FCC rules were violated. USAC will seek recovery of \$526,476.24 of improperly disbursed funds from the applicant.

PLEASE SEND A COPY OF THIS PAGE WITH YOUR
CHECK TO ENSURE TIMELY PROCESSING

Kesha Woodward

From: chris castillo [ccastil02@cox.net]
Sent: Tuesday, January 12, 2010 5:27 PM
To: Adrian Wright; Kesha Woodward
Cc: Robin Daniel; mike daniel; Jeff Holder; Steven Huxhold
Subject: Pinon Yr8 Remand Appeal to FCC 1 12 09
Attachments: Pinon Yr8 Remand Appeal FCC REV.doc

Hello Kesha and Adrian,

Attached is a Remand Appeal for 2005, E-Rate Year 8 for Pinon Unified District in Arizona. This document addresses two issues for 471 Application Number 457585, FRN 1258681:

:

1 - APPEAL – YEAR 8 – Notification of Improperly Disbursed Funds

and

2 - REQUEST FOR WAIVER - YEAR 8- Failure to Complete Delivery of Services

Thank you for entering this into the system for us.

Chris Castillo
Tech Funds, Inc.
623-877-6312
623-418-2737 cell